High rate of Return by IPPs

272. SHRI RAMDAS AGARWAL: Will the Minister of POWER be pleased to state:

(a) whether Government's attention has been drawn to an editorial in the Hindustan times Captioned, Problems of Power created by the independent power producers by demanding a rate of return, as high as 27 per cent, on their investments and their failure to achieve power generation targets in the country;

(b) what are the details thereof, indicating whether Government have undertaken any study on power demand/supply and financial crunch in the country; and

(c) if so, with what results, indicating the present position of on-going power projects in the country?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) Yes, Sir.

(b) and (c) As per the tariff notification dated 30.3.1992 of Government of India (Ministry of Power), power projects by Indepdent Power Producers (IPPs) in the MOU route are allowed a 16% rate of return on subscribed equity corresponding to 68.55 Plant Load Factor (PLF) for thermal power stations. Apart from this, an additional incentive not exceeding 0.7% (celling) on subscribed equity for each percentage increase of PLF above the normative PLF of 68.5% (for thermal plants) has been prescribed. Thus, it is possible to get a higher return on equity through efficient running of the power station. Through an amendment dated 23rd May, 1997 to the tariff notification, in the case of the thermal projects awarded on the basis of tariff based international competitive bidding, no rate of return on equity has been prescribed.

The financial closure for a number of IPP plants could not take place mainly on account of lack of adequate financial security in the form of Escrow and also other factors such as non-seriousness among some of the IPPs. particularly those on the MOU route, financially weak State Electricity Boards (SEB), fuel linkage problems, court cases. etc.

Government has undertaken a study on power demand/supply position and financial crunch in the country.

Planning Commission had envisaged a generating capacity addition programme of 40245 MW during the 9th Plan. However, due to financial crunch the position was reviewed in July, 1999 and based on the mid term appraisal a capacity addition of 28097 MW is likely to be added during the 9th Five Year Plan. Considering this capacity addition, the country would face the peaking shortage of 19194 MW (20%) and energy shortage of 79757 MU (14%) by the end of 9th Plan as per the demand forecast in the 15th EPS. The capacity additon in Central Sector, private Sector and State Sector based on the mid term appraisal of 9th Five Year Plan is enclosed at Annexure.

[*See* Appendix 188 Annexure No. 7]

Evacuation of Surplus power from Eastern Zone

273. SHRI DIPANKAR MUKHERJEE:
SHRI NILOTPAL BASU:

Will the Minister of POWER be pleased to state:

(a) the present status of power evacuation programme from Eastern Zone Grid to other parts of the country including North Zone and Delhi; and

(b) the immediate, short-term and long-term plans to evacaute surplus power from Eastern zone?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) and (b) At present, surplus power of the order of 1050 MW is being transferred from Eastern Region to the other deficit regions, which include Northern Grid, of which Delhi is an integral part. The breakup of export of surplus power from Eastern Region to the other regions is in the range:

Southern Region	:	450MW
Western Region	:	450MW
Northern Region	:	70MW
North-Eastern Region	:	80MW